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Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-08 INR-07 LAB-04
NSAE-00 SIL-01 ACDA-07 OMB-01 SAJ-01 TRSE-00 CEA-01
STR-04 CIEP-01 PM-04 H-01 L-03 NSC-05 PA-01 PRS-01
SP-02 SS-15 USIA-06 /086 W
----------091931Z 113253 /41
R 091757Z FEB 77
FM AMEMBASSY LISBON
TO SECSTATE WASHDC 0127
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY THE HAGUE
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY MADRID
AMEMBASSY MOSCOW
AMCONSUL OPORTO
AMEMBASSY OSLO
AMEMBASSY PARIS
AMCONSUL PONTA DELGADA
AMEMBASSY ROME
AMEMBASSY STOCKHOLM
USMISSION EC BRUSSELS
USMISSION NATO
DIA WASHDC
USCINCEUR VAIHINGEN GER

C O N F I D E N T I A L SECTION 1 OF 2 LISBON 1115

E.O. 11652: GDS
TAGS: ELAB PINT PO
SUBJECT: ECONOMIC AND LABOR DEVELOPMENTS

REFS: (A) LISBON 0939 (DTG 031701Z FEB 77),
(B) LISBON 0891 (DTG 021334Z FEB 77)

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SUMMARY: THE GOVERNMENT OF PORTUGAL GAVE A FAVORABLE INTERPRETATION TO THE STATMENT BY THE EC FOREIGN MINISTERS ON THE POSSIBILITY OF PORTUGAL ENTERING THE COMMON MARKET. THE GOVERNMENT HAS TAKEN A FIRM POSITION OPPOSING A PUBLIC EMPLOYEES STRIKE SCHEDULED FOR FEB 15. END SUMMARY.

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1. GOP CLAIMS SUCCESS: GOP OFFICIALS PUT THE BEST FACE ON REPORTS OF THE DISCUSSION OF EC FONMINS ON THE PORTUGUESE ENTRY TO THE EC. FONMIN MEDEIROS FERREIRA SAID THE EC FONMINS' DECISION WAS A GREAT VICTORY FOR PORTUGUESE DEMOCRACY. HE EXPRESSED CONFIDENCE THAT THE IMMINENT VISIT OF PRIME MINISTER SOARES TO EC CAPITALS WOULD CONSOLIDATE PORTUGAL'S POSITION AS A FULL-FLEDGED EUROPEAN COUNTRY. STICKING TO THE GOP PLAN FOR PRESSING AHEAD FOR FULL ENTRY, PORTUGUESE AMBASSADOR IN BRUSSELS SIQUEIRA FREIRE SAID PORTUGAL WOULD ACCEPT NO INTERMEDIATE FORMULAS. SOARES TOLD AMBASSADOR PRIVATELY FEB 9 THAT EC STATEMENT WAS BEST HE COULD EXPECT UNDER CIRCUMSTANCES. ANYTHING MORE POSITIVE WOULD LEAVE NOTHING FOR HIM TO DO ON HIS TRIP (COMMENT: TYPICAL SOARES SUNNY APPROACH.)

2. GOVERNMENT TAKES FIRM LINE OPPOSING PUBLIC EMPLOYEES STRIKE: SEVEN UNIONS REPREESNTING VARIOUS CATEGORIES AND REGIONAL GROUPINGS OF PUBLIC EMPLOYEES ISSUED A CALL FEB 5 FOR A ONE DAY STRIKE FEB 15 IN PROTEST AGAINST THE GOVERNMENTS ACTION GRANTING THEM AN ACROSS THE BOARD 15 PER CENT PAY INCREASE. THE UNIONS PROTESTED THAT SUCH A MEASURE DISPROPORTIONATELY FAVORS THE SENIOR, BETTER PAID EMPLOYEES, AND DEMANDED INSTEAD THAT A FLAT SUM INCREASE BE GRANTED TO ALL EMPLOYEES. THE COUNCIL OF MINISTERS REACTED STRONGLY TO THE STRIKE THREAT IN ITS MEETING FEB 8. THE COUNCIL DECREED THAT ABSENCES DUE TO THE STRIKE WOULD BE CONSIDERED UNJUSTIFIED, THAT EMPLOYEES CONFIDENTIAL

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WISHING TO WORK WOULD BE PROTECTED, THAT TIME LOST WOULD NOT SUBSEQUENTLY BE REIMBURSED, THAT EMPLOYEES ACTIVELY INVOLVED IN THE STRIKE WOULD BE DISCIPLINED, AND THAT NO NEGOTIATIONS WOULD BE CONDUCTED AS LONG AS THE STRIKE THREAT EXISTS. AT THE SAME TIME, THE COUNCIL OF MINISTERS ALSO WARNED STRIKING FISHERMEN THAT THE GOVERNMENT IS PREPARED TO TAKE MEASURES IF THEIR STRIKE DOES NOT END WITHIN 48 HOURS (REF A).

3. CGTP-INTERSINDICAL SECRETARIAT INSTALLED: THE 25 MEMBERS AND THE 10 ALTERNATES TO THE CGTP-INTERSINDICAL SECRETARIAT WERE INSTALLED FEB 8 FOR A THREE YEAR TERM OF OFFICE. THE INSTALLATION CEREMONY UNDERLINED THE THEMES OF UNITY, MODERATION, AND THE "NEED TO REBUILD THE NATION ALONG THE SOCIALIST PATH DESIGNATED BY THE CONSTITUTION." CONTRARY TO THE EVALUATION OF KALIDAS BARRETO (PARAGRAPH 5 BELOW). 30 OF THE 35 CGTP SECRETARIAT MEMBERS AND ALTERNATES ARE MEMBERS OF CLOSELY IDENTIFIED WITH THE PCP. THREE ARE

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SOCIALISTS AND TWO ARE IDENTIFIED WITHE EXTREME LEFT GDUP.

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4. SWEET TALK FROM BARRETO: SOCIALIST TRADE UNION LEADER LUIS KALIDAS BARRETO, NOW A MEMBER OF THE COMMUNIST-DOMINATED CGTP LEADERSHIP (REF B), MADE CONCILIATORY NOISES IN A FEB 8 INTERVIEW IN SOCIALIST-ORIENTED "A LUTA." HIGHLIGHTS OF BARRETO'S COMMENTS INCLUDED:
--REFORM FROM WITHIN: JOINING THE CGTP LEADERSHIP
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WAS AN OPPORTUNITY TO OPEN UP THE CONFEDERATION AND
MAKE IT A NON-PARTISAN, DEMOCRATIC ORGANIZATION.
-- "OPEN LETTER" DEFENDED: THE PRINCIPLES WHICH
MOTIVATED THE "OPEN LETTER" MOVEMENT ARE VALID.
THE "OPEN LETTER" MOVEMENT IS NOT ANTI-WORKER AS SOME
OF ITS CRITICS HAVE CHARGED. BUT UNITY MUST BE
MAINTAINED.
-- SHOWING GOOD FAITH: ALTHOUGH ABOUT ONE-HALF OF THE
CGTP LEADERSHIP ARE NOT PCP MEMBERS THE
COMMUNISTS ELECTED TO THE SECRETARIAT HAVE NOT IN THE PAST
ATTEMPTED TO ASSERT PCP HEGEMONY. THE NEW LEADERSHIP
SHOULD BE GIVEN THE BENEFIT OF THE DOUBT FOR NOW.
-- CALL FOR DIALOGUE: THE NEW LEADERSHIP IS COMPLETELY
OPEN TO DIALOGUE. AMONG WORKERS THERE SHOULD BE NO
VICTORS OR VANQUISHED.
-- PS GOVERNMENT ONLY ALTERNATIVE: THERE IS CURRENTLY
NO LEFT ALTERNATIVE TO THE SOCIALIST GOVERNMENT.
DIALOGUE IS NEEDED BETWEEN THE GOVERNMENT AND THE
TRADE UNION MOVEMENT. WITH GOOD SENSE ON BOTH
SIDES, SUCCESS IS GUARANTEED.
-- OVERTURE TO GVERNMENT: IF ALL WORK TOGETHER ON
THE BASIS OF PROPOSALS APPROVED BY THE RECENT
CGTP-INTERSINDICAL CONGRESS, THE LABOR MOVEMENT COULD
BECOME A SOLID BASE OF SUPPORT FOR THE GOVERNMENT.

5. COMMENT: THE STATEMENT BY THE COUNCIL OF MINISTERS
ON THE POSSIBLE PUBLIC EMPLOYEES TRIKE REFLECTS THE
FIRMEST STAND ON LABOR MATTERS THAT THE GOVERNMENT HAS
TAKEN TO THIS TIME. SOARES TOLD AMBASSADOR PCP MOBILIZING A
WAVE OF STRIKES. IT ALSO REFLECTS THE VIEWS OF PRESIDENT
EANES, WHO IS UNHAPPY WITH THE CONTINUING LABOR DISPUTES.
AS AN EXAMPLE OF THE HARDER GOVERNMENT LINE, EMBASSY SOURCES
SAID THE GOVERNMENT WAS READY TO USE ITS POWERS
TO "MOBILIZE" THE STEVEDORES WHO STRUCK BRIEFLY LAST
WEEK IN PROTEST AGAINST GOVERNMENT PRESSURE TO
INCOROPORATE ADDITIONAL MEMBERS INTO THE UNION. THE
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FACT THAT THE GOVERNMENT ALSO CLAIMED THAT THE PUBLIC
EMPLOYEES STRIKE THREAT WAS CALCULATED TO HAMPER PORTUGAL'S
ENTRY INTO THE EC IS AN INDICATION OF IMPORTANCE GOP
GIVES TO ITS ATTEMPT TO ENTER THE COMMON MARKET.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
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Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977LISBON01115
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
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Format: TEL
From: LISBON
Handling Restrictions: n/a
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Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 LISBON 939, 77 LISBON 891
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29-Sep-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3367187
Secure: OPEN
Status: NATIVE
Subject: ECONOMIC AND LABOR DEVELOPMENTS
TAGS: ELAB, PINT, PO, EEC, (FERREIRA, MEDEIROS)
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/bade18c9-c288-dd11-92da-001cc4696bcc
Review Markings:
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Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009